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Travel Industry Challenge

Polly W. Hein

No industry is more plagued by energy shortages, inflation, and the growing selectivity of the traveling public than the travel industry. This article describes Georgia's rise to prominence as a major entry in the travel business over the past eighteen years, then gives a brief outlook for 1979 as the state approaches its third decade of travel development.

Over the past eighteen years, the Georgia travel industry has grown into a multi-billion dollar business. From the beginning, Georgia's potential for tourism development was a natural. The state's varying terrain of mountains, plains, and coast, its mild climate, historic past, and hospitable nature predicted success.

Travel industry development began in 1960 when the newly created Tourist Division of the former Georgia Department of Commerce asked the College of Business Administration to produce the first travel estimates for the state. An extensive field survey was undertaken that year in cooperation with the state's highway department. The results showed that tourist spending alone totaled $273 million and the fledgling travel industry grossed $795 million.

The thrust made at the state level was the initial key to Georgia's continuing travel success. Armed with the results of the travel study, the Tourist Division convinced state legislators to increase the tourism budget, upgrade Georgia's highways, establish a highly successful welcome center program, and create special travel committees within the House and Senate. The study also led to the beginning of a cohesive travel "industry" and launched the state on a program of tourism development.

Most of the state's attractions were either undeveloped or in very early stages of development. There was little inkling that Stone Mountain would become a major state park, that the Georgia coast would become a prime tourist magnet, that a Six Flags amusement park would locate in Atlanta, or that the city itself would become a major convention center, competing with New York and Chicago. These developments, however, merely scratched the surface of existing travel potential.

From 1961 to 1973, travel in Georgia produced a growth industry that outstripped most industries in the state. Despite the energy crisis in 1973 and the rising rate of inflation, travel sales and receipts continued to rise 14.7 percent, a deflated net gain of 3.7 percent. The energy strains of 1974, however, took its toll on the 1975 receipts. Travel industry income dropped to 7 percent, the lowest since 1963 when the entire nation had a bad travel year. Despite the poor showing in 1975, sales and receipts rebounded to a 12 percent level with a real gain of 7 percent in 1976; and in 1977, sales and receipts rose another 12.7 percent, representing a net growth of 6.5 percent.

THE INDUSTRY IN 1978

Georgia's travel industry displayed healthy growth in 1978 compared with only "modest gains" nationwide.[1] Georgia's 23,170 travel-serving firms grossed sales and receipts of $4.8 billion in 1978. This 12.3 percent increase in revenue, contrasted with a rise in travel costs of 7.3 percent, results in a net growth of 5 percent. (A look at the U.S. travel picture shows that its real volume was less than 1 percent.)

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[1] "1978 Travel Industry Year End Report," U.S. Travel Data Center, Washington, D. C., December, 1978.

The state's travel industry is also an important employment generator since it traditionally hires some 6 percent of all non-agricultural workers in Georgia and 20 percent of all retail and service employees. Gains in travel industry employment and wages produced one of the most significant economic trends of 1978. Employment in primary travel-serving firms rose 15 percent, a total of 173,500 employees. Wage increases for these workers were even higher, up 22.2 percent for total payrolls of $978.2 million. In addition, the industry is an important source of revenue for the Georgia treasury. In 1978 it generated income for the state totaling $419.4 million, approximately 19 percent of the state's total net revenue.

Even the difficult winter did not halt travel here. Private auto trips rose 4.6 percent in 1978 compared with 2.3 percent in 1977. This increase was the result of 23.7 million trips taken by 69.7 million persons traveling to and through Georgia. These travelers spent $1.8 billion, while others spent $202.8 million on commercial transportation. The addition of travel for business and personal reasons brought total spending to a record $2.9 billion for the year. (Details of travel industry data by type of travel firm are shown in the table.)

THE FIRST HALF OF 1979

The outlook for travel in Georgia during the first half of 1979 suggests modest to moderate gains for the industry with somewhat negative trends in travel attraction attendance, welcome center visits, and travel volume.

Travel industry sales and receipts totaled $2.7 billion through June 1979, a 15 percent increase over the same period in 1978. During that time period, the cost of travel increased 9.5 percent, leaving a net increase of 5.4 percent. The cost of transportation (primarily gasoline) dominated the travel price advance with an increase of 16.3 percent. This was followed by lodging and restaurant price hikes. Increases were least for recreation and entertainment costs, up only 2 percent.

By comparison, national data displayed an 11 percent increase in sales and receipts in the first half of 1979, coupled with a significant 16 percent increase in prices. In essence, deflated national sales figures were negative while, at the same time, the Georgia travel industry experienced a positive 5.4 percent increase.

In other industry data, employment rose 4.6 percent, a very modest gain compared with a 1978 increase of 15 percent. The fluctuation is undoubtedly due to the fact that the travel industry is not only a highly seasonal employer but one who is very responsive to demand. For this reason, fall and winter sports events and holiday travel often significantly alter the second half-year pattern of employment and wages.

The first half of 1979 has not been an outstanding one for the attractions and state parks that report attendance to the quarterly travel barometer. The 13.2 million visits generated by these attractions represented a decrease of 5.3 percent. The attractions feel that the trend is definitely linked to potential gas shortages and inflated prices. Still, an interesting exception is the 2.8 percent increase in recreation area visits, almost all of which resulted directly from the increase in visits to Stone Mountain. During the first six months of the year, 2.1 million persons came to the park, an increase of 13.8 percent over 1978. Again, this is probably due to the growing trend to travel closer to home as well as to having the Atlanta metro population as a major market segment.

Visits to Georgia welcome centers continued an 18-month decline that began in July of 1978. Total visits for the six-month period stood at 2.4 million, compared with 3.3 million visits during the first half of 1978. This represented a 28 percent decline. Only the I-75 centers at Ringgold and Valdosta did not experience such sharp declines, although visits there were down as well.

TRAVEL OUTLOOK

Approximately 90 percent of all travel in Georgia is by private automobile. National, regional, and state trends indicate that travel by auto will continue to increase despite escalating costs and possible gasoline shortages. Vacation travel is particularly resilient to outside change. Increased leisure hours and the lifestyle of the American public will continue to influence travel favorably.

Late in 1978, the National Research Service released figures predicting an optimistic increase of 2 percent in all vacation travel and a 6 percent rise in vacations by automobile.[2] In Georgia, highway trends point to slightly higher rises in vacations by auto because of the large share of vacation recreation travel by private auto. Yet in spite of an increase in pleasure travel, statistics from welcome centers and travel attractions point to a change in origins and destinations due to tendencies toward travel closer to home. This is not to say that the travel industry will not fare well, but more to indicate a need for new market strategy to capitalize on current trends.

The travel industry in the state can expect trends toward more auto travel with an increase in fly/drive trips and a growing interest in escorted motorcoach tours. Although travel closer to home should continue, studies confirm the intention of vacation recreation travel without regard to gasoline prices. The South continues to be one of the most popular vacation destinations and the economic growth of the Georgia travel industry is far better than that of the nation's as a whole. In summary, all indicators point to a continued favorable growth of the state's travel industry for the rest of this decade and to an optimistic forecast for the Eighties.

[2] "The Auto Vacation Market 1976-1978," National Research Service Study, November 1978.

For an update on 1979 summer travel figures, see the TRAVEL BAROMETER on page 8.

THE GEORGIA TRAVEL INDUSTRY 1978

Economic Information by Type of Travel Serving Firm

Type of Firm	Number of Firms	Sales and Receipts (Millions)	Number of Employees	Wages Paid (Millions)	State Taxes Paid (Millions)	Construction Investment (Millions)
Lodging	1,510	$ 534.9	27,500	$160.3	$ 20.5	$ 8.1
Eating/Drinking	8,870	1,362.6	98,100	437.4	48.4	23.2
Recreation	1,250	114.3	14,000	110.0	5.6	24.7
Gasoline Service Stations	7,120	1,937.1	15,200	95.3	324.5 (1)	8.9 (2)
Tire, Battery Accessory	840	320.6	4,700	44.1	12.8	
Auto Repair & Services	3,580	498.2	14,000	131.1	7.6	
Transportation						2.2
TOTAL	23,170	4,767.7	173,500	978.2	419.4	67.1
Percent Change '78/'77	-0.1	12.3	15.0	22.2	7.8	-52.9

(1) Includes motor fuel taxes totaling 262.9 million and sales and business taxes of 61.6 million.
(2) Includes all automotive services (service stations, tire, battery, accessory, and repair service).

Source: Developed by the Small Business Development Center, University of Georgia from reports by the Georgia Departments of Labor, Revenue, Transportation, and the F.W. Dodge division of McGraw-Hill.

Travel Research in Progress

The Office of Leisure Studies and Tourism of the University's Small Business Development Center has recently completed a study to determine characteristics of the tourist in Georgia. Based on a survey conducted among visitors to the various Georgia welcome centers along the interstates, the study showed that tourists came from two major target markets, the Great Lakes region and other states within the Southeast. Some of the questions asked of these visitors concerned: the relative distance from home of their vacation destination; the source of their vacation information; and reasons for picking Georgia, such as the availability of water sports, areas of historical interest, and proximity to amusement theme parks. The study was completed under agreement with the Georgia Department of Industry and Trade.

Under the same agreement with Industry and Trade, a study is being conducted to document the size and scope of the motor coach industry in the state. This is particularly valuable because of the growing significance of the bus industry in relation to energy problems and tourism. This will be the first study to accrue information on the number of people taking motor coach tours in Georgia, the economic impact of this type of travel on the state, and the characteristics of a tourist traveling by bus.

A third study will examine the rate with which requests for information from magazine advertisements placed by Industry and Trade are converted into trips to Georgia. Some of the important objectives of the conversion study are to determine the percentage of times an information request resulted in a trip to the state, the amount of tourist revenue generated by the magazine advertisements, and the net revenue generated by each magazine and by type of ad campaign. Anticipated completion for both studies is early 1980.

Total and Per Capita Personal Income in Georgia Counties[a], 1976 and 1977

	TOTAL (MILLIONS)			PER CAPITA (THOUSANDS)			
JEFFERSON							
JENNINGS							
JOHNSON							
JONES							
LAMAR							
LANIER							
LAURENS							
LEE							
LIBERTY							
LINCOLN							
LONG							
LOWNDES							
LUMPKIN							
MCDUFFIE							
MCINTOSH							
MACON							
MADISON							
MARION							
MERIWETHER							
MILLER							
MITCHELL							
MONROE							
MONTGOMERY							
MORGAN							
MURRAY							
MUSCOGEE							
NEWTON							
OCONEE							
OGLETHORPE							
PAULDING							
PEACH							
PICKENS							
PIERCE							
PIKE							
POLK							
PULASKI							
PUTNAM							
QUITMAN							
RABUN							
RANDOLPH							
RICHMOND							
ROCKDALE							
SCHLEY							
SCREVEN							
SEMINOLE							
SPALDING							
STEPHENS							
STEWART							
SUMTER							
TALBOT							
TALIAFERRO							
TATTNALL							
TAYLOR							
TELFAIR							
TERRELL							
THOMAS							
TIFT							
TOOMBS							
TOWNS							
TREUTLEN							
TROUP							
TURNER							
TWIGGS							
UNION							
UPSON							
WALKER							
WALTON							
WARE							
WARREN							
WASHINGTON							
WAYNE							
WEBSTER							
WHEELER							
WHITE							
WHITFIELD							
WILCOX							
WILKES							
WILKINSON							
WORTH							
COLUMBIA-MUSCOGEE							
GEORGIA							

[1] Total and per capita income estimates are by country of residence.

Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce.

Georgia Stock Price Index

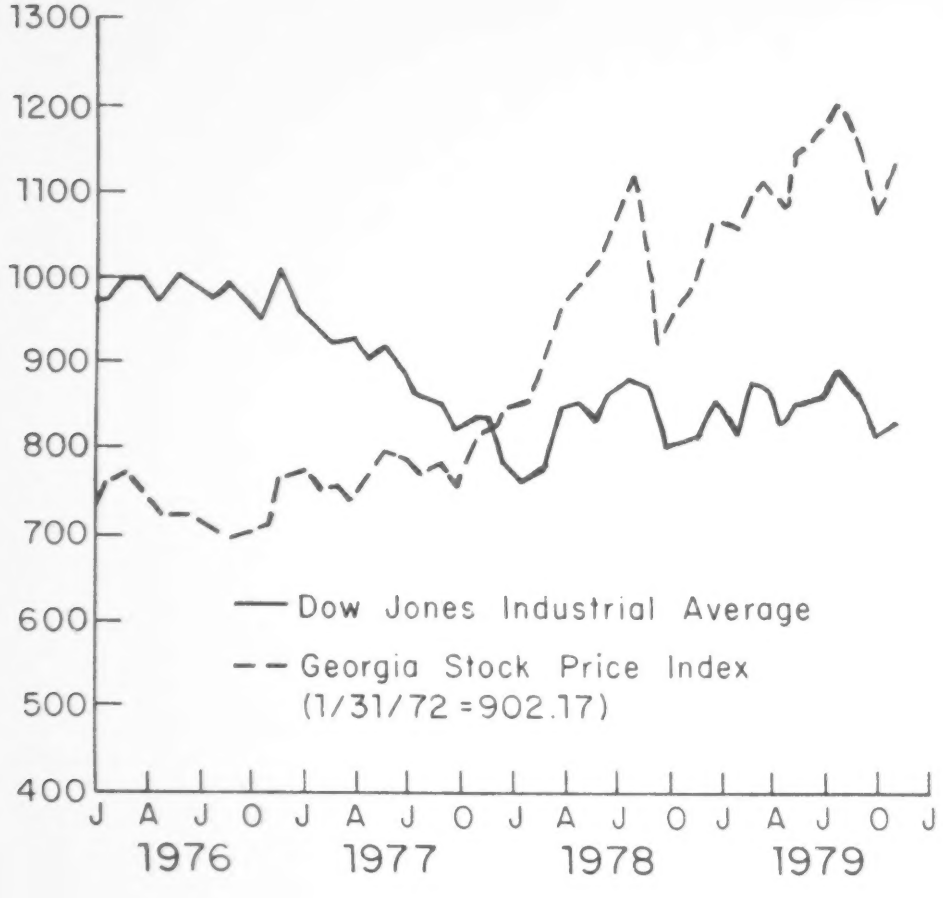
The Georgia Stock Price Index and the Dow Jones Industrial Average both dropped during the month of October. The GSPI closed at 1097.041, down 72.523 (6.201%). The DJIA closed at 815.70, down 62.880 (7.157%). Twenty-five of the thirty stocks fell this month with the biggest losers being Republic Airlines, down 7.38 (40.816%) to 10.701; Columbus Mills, down .75 (15.789%) to 4.00; and Cousins Properties, down 1.5 (14.815%) to 8.625. Three stocks were up with the leading gainer being E. T. Barwick Industries, up .25 (33.333%) to 1.00. Two stocks remained unchanged.

In November, the Dow Jones Industrial Average and the Georgia Stock Price Index both closed up over last month's closing averages. The GSPI ended November at 1135.369, up 3.49% from last month's figure of 1097.041. The DJIA closed at 822.35, up .82% from October's 815.70.

Trading in the GSPI was mixed with sixteen stocks up, eleven down, and three unchanged. The leading gainers this month were Central Soya, up 3.00 (26.37%) to 14.375; Bibb Company, up 2.875 (24.21%) to 14.75; and Glasrock, up 3.25 (23.42%) to 17.125. Losses this month were small with the exception of Cagle's down .875 (18.42%) to 3.875 and Republic Airlines, down 1.107 (10.345%) to 9.594.

Cris Forsthoff

Source: Georgia Economic Forecasting Project



	Georgia Stock Price Index	% Change	Dow Jones Industrial Average	% Change
1978				
January	832.5	– .346	769.92	– 7.369
February	844.232	1.409	742.12	– 3.611
March	899.121	6.502	757.36	2.054
April	954.407	6.149	837.32	10.558
May	985.354	3.243	840.61	.393
June	1004.785	1.972	818.95	– 2.525
July	1052.141	4.713	862.27	5.290
August	1119.187	6.372	876.82	1.687
September	1096.719	– 2.008	865.82	– 1.255
October	910.496	–16.98	792.45	– 8.474
November	949.374	4.270	799.03	.830
December	974.722	2.670	805.01	.748
1979				
January	1049.98	7.721	839.22	4.250
February	1045.258	– .450	808.82	– 3.622
March	1096.13	4 870	862.18	6.600
April	1111.933	1.442	854.90	– .844
May	1088.626	– 2.0961	822.33	– 3.8098
June	1131.858	3.971	841.98	2.389
July	1179.276	4.189	846.42	.527
August	1208.086	2.548	887.63	4.868
September	1169.564	– 3.189	878.58	– 1.020
October	1097.041	– 6.201	815.70	– 7.157
November	1135.369	3.494	822.35	.815

Travel Barometer

summer 1979 (june, july, august)

Positive signs marked the industry component of the summer travel barometer. There were "net" gains of 6 percent in sales and receipts and employment gains of 10 percent in restaurants, lodging, attractions, and automotive services. Attendance at travel attractions declined and visitors to Georgia welcome centers continued an annual decline of approximately 25 percent.

The Industry

The Georgia travel industry fared better than the nation's travel components this summer. Given a 10 percent rise in the cost of travel in Georgia, the industry still netted sales gains of approximately 6 percent. At the national level, travel industry receipts rose 11 percent with a corresponding 16 percent Travel Price Index increase. In the summer of 1979 $1.5 billion was spent with firms that traditionally serve the traveling public in Georgia. Automotive sales continue to show the greatest change due to price increases. Deflated estimates of auto industry receipts placed the real increase at 6 percent.

Employment changes are mixed. The 22 percent change in automotive service employment is largely a reflection of the mass closings of service stations that occurred last year. The subsequent gains occurred as full-service stations were replaced by self-serve firms.

Attractions and Welcome Centers

Travel attractions reported attendance of 12.6 million people during the summer of 1979. This was an overall decline of 10 percent with recreation areas such as Stone Mountain, Lanier Islands, Jekyll Island, and Callaway Gardens displaying the least decline, 2 percent from summer 1978. Advertising campaigns to combat gasoline shortage fears succeeded to some extent in attracting Georgians to visit within their own state, but were not as successful with states outside the Southeast that are normally Georgia's travel market.

This tendency to stay closer to home affected visits to Georgia Welcome Centers also. Although down 26 percent from summer 1978, a total of 1.9 million people experienced Georgia's hospitality. Interstate centers on I-20 at Augusta, and I-95 Kingsland, I-85 Lavonia, and I-75 Ringgold and Valdosta realized the least decline in visits.

Polly W. Hein

Table 1. Sales and Receipts, and Employment Estimates Begun in the Travel Industry and Related Fields in Georgia, Summer 1979 With Percentage Changes from Summer 1978

	Sales and Receipts		Employment	
Type of Business	Volume ($000)	Change (%)	Number	Change (%)
Eating/drinking	401,042	10.1	88,933	10.6
Lodging	156,068	9.7	31,084	- .7
Recreation/amusement	39,560	1.4	13,073	5.2
Automotive	873,335	21.9	69,593	22.3
Total	1,470,005	16.5	202,683	10.0

Source: Georgia Department of Revenue Sales and Use Tax Unit, U.S. Department of Commerce Census of Business, and the Georgia Department of Labor.

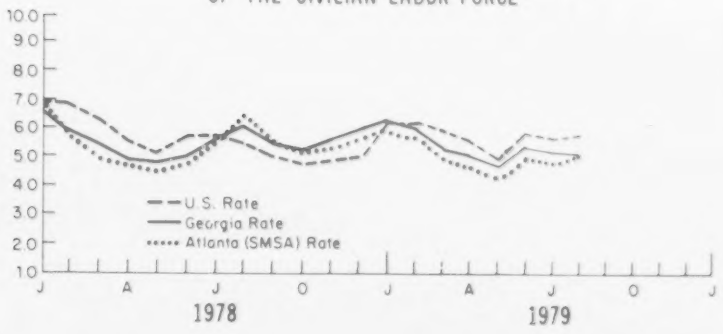
Table 2. Attendance at Selected Travel Attractions in Georgia and Number of Visitors at Georgia Welcome Centers, Summer 1979 With Percentage Changes from Summer 1978

	Attendance		Visitors			Visitors		
Attraction	Number	Change (%)	Center	Number	Change (%)	Center	Number	Change (%)
Historical sites[1]	93,980	- 8.2	Atlanta	25,032	-28.3	Plains	51,695	-46.3
National monuments	562,655	-12.0	Augusta	195,750	-18.0	Ringgold	363,049	-24.2
Recreation areas[2]	4,530,518	- 2.0	Columbus	53,932	-39.8	Savannah	93,844	-40.2
State parks	5,060,670	-14.6	Kingsland	322,380	-20.1	Sylvania	34,145	-42.0
Other attractions[3]	2,397,138	-13.1	Lavonia	239,346	-16.8	Valdosta	490,612	-27.2
Total	12,644,961	-10.0				Total	1,869,785	-25.8

[1]Sites maintained and managed by the Georgia Historical Commission.
[2]Callaway Gardens, Jekyll Island, Lake Lanier Islands, National Forest recreation, Stone Mountain Park.
[3]Agrirama, Cyclorama, J. G. Lowe Birthplace, Little Whitehouse, Rock City, Stone Mountain Game Ranch, Stone Mountain Plantation, Stone Mountain Railroad, Stone Mountain Skylift, Six Flags.

Source: Based on reports from individual attractions and on estimates by the Research Division, Georgia Department of Industry and Trade, through analysis of vehicle counter reports and visitor registration sheets provided by Visitor Information Centers.

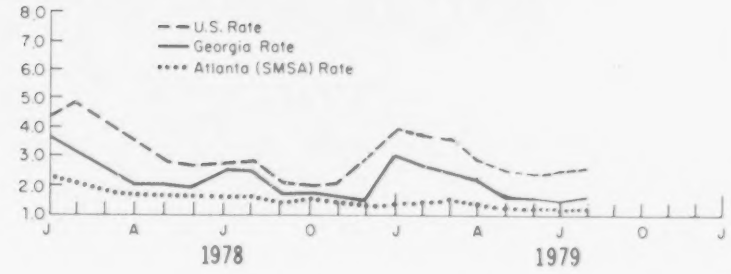
ESTIMATED UNEMPLOYMENT RATE AS A PERCENT OF THE CIVILIAN LABOR FORCE



	U.S. RATE Adjusted	U.S. RATE Unadjusted*	GEORGIA RATE (Unadjusted)	ATLANTA RATE (Unadjusted)
1978				
January	6.3	7.0	6.7	6.8
February	6.1	6.9	5.7	5.5
March	6.2	6.6	5.1	5.1
April	6.0	5.8	5.1	4.9
May	6.1	5.5	4.9	4.8
June	5.7	6.2	5.4	5.4
July	6.2	6.3	6.0	5.6
August	5.9	5.8	6.4	6.9
September	6.0	5.7	5.9	5.9
October	5.8	5	5.8	5.7
November	5.8	5.5	6.1	5.6
December	5.9	5.6		
1979				
January	5.8	6.4	6.5	6.3
February	5.7	6.4	5.9	5.7
March	5.7	6.1	5.2	4.8
April	5.8	5.5	5.0	4.6
May	5.8	5.2	4.7	4.5
June	5.6	6.0	5.5	5.3
July	5.7	5.8	5.6	4.9
August	6.0	5.9	5.5	5.5

*For a more meaningful comparison with the Georgia and Atlanta rates, the U.S. unadjusted rate is the one presented in the graph.

INSURED UNEMPLOYMENT RATE



	U.S. RATE	GEORGIA RATE	ATLANTA RATE
1978			
January	4.4	3.67	2.38
February	4.9	3.03	2.13
March	4.2	2.75	2.06
April	3.5	2.39	1.76
May	3.0	2.29	1.76
June	2.8	2.14	1.60
July	3.2	2.64	1.66
August	3.2	2.69	1.74
September	2.6	2.10	1.71
October	2.5	2.36	2.14
November	2.6	2.19	1.76
December	3.2	2.13	1.66
1979			
January	4.0	3.04	1.57
February	3.9	2.63	1.68
March	3.8	2.57	1.74
April	3.1	2.08	1.47
May	2.7	1.75	1.31
June	2.5	1.88	1.22
July	2.7	1.81	1.15
August	2.8	1.88	1.26

Source: U.S. Department of Labor, Bureau of Labor Statistics, Georgia Department of Labor, Manpower Resources Section.

ATLANTA CONSUMER PRICES
INDEX, 1967 = 100

	U.S.		ATLANTA	
Period	All Items	Food	All Items	Food
1975	161.2	175.4	161.7	181.7
1976	170.5	180.8	169.2	185.8
1977	181.5	192.2	180.6	196.4
1978	203.6	206.3	203.1	211.0
1979				
January	204.7	218.3	—	—
February	207.1	222.4	201.8	226.2
March	209.1	224.4	—	—
April	211.5	226.3	206.7	229.4
May	214.1	228.2	—	—
June	216.6	229.3	212.6	230.3
July	218.9	230.7	—	—
August	221.1	230.2	216.9	235.3

	ATLANTA			
Period	Housing	Apparel & Upkeep	Transportation	Health & Recreation
1975	167.0	138.7	142.9	158.7
1976	175.8	144.5	154.6	167.7
1977	187.9	154.8	163.1	177.9
1978	201.8	163.7	170.7	—

The Atlanta Area

Other Activities

Sales in Georgia

Indexes of Economic Activity in Georgia

BANK DEBITS
SERIES
CANCELLED